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Christine O. Gregoire
ATTORNEY GENERAL OF WASHINGTON
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May 17, 2000

VIA FAX AND FIRST CLASS MAIL

Carole Washburn, Secretary
WUTC
1300 S. Evergreen Pk. Dr. S.W.
PO Box 47250
Olympia, WA 98504-7250

RECEIVED
RECORDS MANAGEMENT
00 MAY 17 PM 4:12
STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

Re: Application of PacifiCorp re Sale of Centralia
WUTC Docket No. UE 991262 (and related Nos. UE 991255; UE 991409)

Dear Ms. Washburn:

Public Counsel submits these comments in response to the PacifiCorp letter of May 15 and the subsequent notice from the Commission canceling the order conference in this matter. With regard to treatment of the gain in this docket:

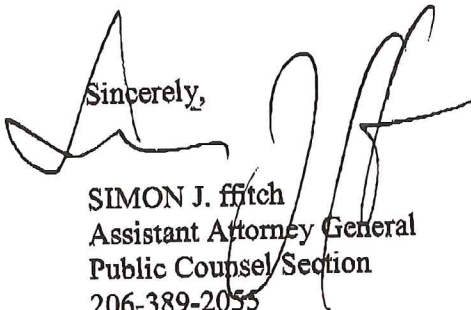
- 1) The proper calculation will be determined in a general rate proceeding.
- 2) The Company has not yet submitted exhibits into the current general rate proceeding.
- 3) Public Counsel will be prepared to address the calculations if and when they are submitted in a general rate proceeding, subject to the "reasonable rules of discovery" and "opportunity to present direct and rebuttal evidence" provisions of the Administrative Procedures Act.
- 4) We concur with staff (Cedarbaum e-mail of May 15) that there are a number of questions regarding the calculations submitted by the Company. In addition, we are concerned that the Company has included state income tax in its determination of the gain attributable to Washington ratepayers, in light of the fact that Washington does not have an income tax. We



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will be prepared to address this issue in detail if and when the calculations are submitted in a general rate proceeding.

Sincerely,



SIMON J. FITCH
Assistant Attorney General
Public Counsel Section
206-389-2055

SJf

Cc: Parties (PacifiCorp and Staff via FAX)